

October 13, 2010

**ITEM NO. B8**

**RECOMMENDATION TO EXERCISE THE OPTION TO CONTRACT NO. 8016 WITH  
CVR ASSOCIATES, INC. AND TO NEGOTIATE, AMEND AND RESTATE THE  
CONTRACT FOR HOUSING CHOICE VOUCHER AND MODERATE  
REHABILITATION SECTION 8 PROGRAM SERVICES OPERATION AND  
ADMINISTRATION**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer or his designee to exercise the 2-year option to Contract No. 8016 ("Contract") with CVR and Associates, Inc., and negotiate, amend and restate the Contract for a fixed performance based contract amount not-exceed \$23,000,000 for the period of January 1, 2011 through December 31, 2012 for the administration and operation of the Chicago Housing Authority's Housing Choice Voucher and Moderate Rehabilitation Program's (collectively, the "Programs")

**FUNDING**

**General Fund**

<b>Vendor:</b>	CVR Associates, Inc. 5400 Laurel Springs Parkway, Suite 201 Suwanee, GA 30024
<b>Contract Type:</b>	Professional Services
<b>Contract Base Term:</b>	April 1, 2008 – December 31, 2010
<b>Option Term:</b>	January 1, 2011 – December 31, 2012
<b>Original Contract Amount:</b>	\$23,527,475 NTE
<b>1<sup>st</sup> Increased Base Term:</b>	\$ 2,489,323 NTE
<b>2<sup>nd</sup> Increased Base Term:</b>	\$ 253,190 NTE
<b>Option Term:</b>	\$23,000,000 NTE
<b>Total Contract Amount:</b>	\$49,269,988 NTE
<b>Remaining Option Term:</b>	None

**M/W/DBE Participation:**

Direct \_\_\_\_ % MBE \_\_\_\_ % WBE \_\_\_\_ % DBE

Indirect \_\_\_\_ % MBE \_\_\_\_ % WBE \_\_\_\_ % DBE

Waiver \_\_\_\_\_

**Section 3:**

\_\_\_\_ 6 \_\_\_\_ (#) Hiring \_\_\_\_\_ (\$) Subcontracting \_\_\_\_\_ (\$) Other Economic Opportunities

## **EXPLANATION**

In March 2008, the Board authorized CHA to execute a cost reimbursement plus incentive fee contract with CVR Associates, Inc. for the administration and operation of a portion of the CHA's Section 8 Moderate Rehabilitation and Housing Choice Voucher Programs. On December 31, 2010, the Contract with CVR will expire. CVR has satisfactorily met its obligation under the Contract and CHA has determined that it would be in its best interest to have CVR continue the provision of services currently provided under the Contract through exercise of the Contract's available 2-year option. In addition, CVR and Associates has greatly improved Owner and Participant services; by updating briefing materials for both Owners and Participants, expanding the Owner and Participant Council, and jointly with CHA produced a HQS Guidebook

The services currently under contract with CVR are the HCV Southwest Satellite Office (administering 13,000 vouchers), HCV inspections, and Call Center operations. The HCV Department recommends exercising the Contract's option for these services based on the following:

- CVR and Associates has extensive experience working with CHA's HCV Program and has insight to the status of existing files and program compliance.
- CVR currently administers approximately 13,000 vouchers in the Southwest Satellite Office, and has worked at great length to meet High Performer status among SEMAP performance indicators.
- CVR has met and maintained its Call Center Service Level Agreement ("SLA"). The SLA states that the Customer Service and Inspections Call Center answer 80% of the calls within 2 minutes. Overall, 95% of the time, the Call Centers have met or exceeded the SLA.
- CVR has Ranked #1 among Owners and Participants in Customer Satisfaction.

Additionally, CHA desires to amend and restate the Contract to include additional services for CVR and change the Contract's payment structure from cost reimbursement with a performance incentive fee to a fixed performance based type payment contract.

- The CHA advertised Request for Proposal No. 10-00582 ("RFP") on August 2, 2010 for HCV Program services not covered by the CVR Contract to be based on a fixed performance based type payment contract.
- CHA is currently engaged in negotiations with CVR for additional services that include Landlord Services across all Satellite Offices and South Satellite Office HCV Program Services, which will add an additional 6,000 vouchers to CVR's portfolio.
- For purposes of management and administration of the Contract and to clarify CVR's performance standards, CHA wants the payments under the option term for the Contract's services to be based on the same payment structure as the additional services currently being negotiated with CVR under RFP No. 10-00582.

## **PROCUREMENT HISTORY**

In March 2008, pursuant to RFP No. 01511, the Board authorized CHA to execute a contract with CVR to administer and operate a portion of the Chicago Housing Authority's Section 8 Moderate Rehabilitation and Housing Choice Voucher Programs. Contract No. 8016 with CVR was executed for the base period of April 1, 2008 to December 31, 2010 (term of two (2) years and nine (9) months). The original contract was a cost reimbursement + incentive fee type contract, with a compensation amount not-to-exceed \$23,527,475.

Amendment No.1 modified Contract No. 8016 to include 1) improvements to the CHA's Call Centers Interactive Voice Response System ("IVR"), 2) to add staff to manage the HCV Call Center, and 3) to perform an additional 10,771 HQS Inspections to meet the needs of the HCV program. The Contract's base term amount increased by \$2,489,323, bringing the not-to exceed compensation amount to \$26,016,798. CVR performed the increased services under the same terms and conditions as set forth in the Contract.

Amendment No.2 modified the Contract to include an adjustment to the Operating Budget for Contract Year 2 (FY 2009) and Management Fee rate (Operation Fee and Performance Fee) for Contract Year 2 so that the cost and the Management Fee were commensurate with the additional responsibilities undertaken by CVR. The Contract's base term not-to-exceed compensation amount was increased by \$253,190, bringing the not-to exceed compensation amount to \$26,269,988.

Amendment No. 3 modified Contract No. 8016 to clarify and revise certain sections of Exhibit B (Statement of Work) and to clarify and revise Exhibit C (Performance Standards). Amendment No. 4 modified Contract No. 8016 to set the Operating Budget and Management Fees for Contract Year 3 of the Base Term (FY 2010)

Based on the foregoing, it is in the best interest of the CHA to exercise the Contract's 2-year option and to negotiate, amend and restate the Contract with CVR for an amount not-to-exceed \$23,000,000.00 for a two year period.

**RESOLUTION NO. 2010-CHA-131**

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated October 13, 2010, entitled, “RECOMMENDATION TO EXERCISE THE OPTION TO CONTRACT NO. 8016 WITH CVR ASSOCIATES, INC. AND TO NEGOTIATE, AMEND AND RESTATE THE CONTRACT FOR HOUSING CHOICE VOUCHER AND MODERATE REHABILITATION SECTION 8 PROGRAM SERVICES OPERATION AND ADMINISTRATION”.

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT,** The Board of Commissioners authorizes the Chief Executive Officer, or his designee, to exercise the 2-year option of Contract No. 8016 (“Contract”) with CVR Associates, Inc. and to negotiate, amend and restate the Contract for the period of January 1, 2011 through December 31, 2012 for a fixed performance based compensation amount not-to-exceed \$23,000,000.00 to continue to administer and operate portions of CHA’s Section 8 Housing Choice Voucher and Moderate Rehabilitation Programs (the South West Satellite office, the HCV Customer Service Call Center, and Inspections).

